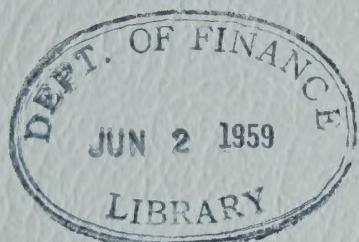


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# Annual Report

1958

ELDORADO  
Mining and Refining Limited



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*Directors*

W. J. BENNETT, O.B.E., B.A., LL.D., D.Sc.  
R. T. BIRKS, Q.C.  
ELDON L. BROWN, B.A.Sc., M.E.  
W. M. GILCHRIST, B.Sc.  
W. F. JAMES, Ph.D.  
R. J. HENRY, B.A.Sc.\*  
J. A. MACAULAY, Q.C., LL.D.

*Officers*

W. M. GILCHRIST, President  
H. H. HAYDON, Treasurer  
R. C. POWELL, Secretary  
H. E. LAKE, Manager, Beaverlodge Operation  
J. G. McNIVEN, Manager, Port Radium Operation  
J. C. BURGER, Manager, Port Hope Refinery  
A. THUNAES, Manager, Research and Development Division  
R. E. BARRETT, Director of Ore Procurement

\*Deceased July 6/58

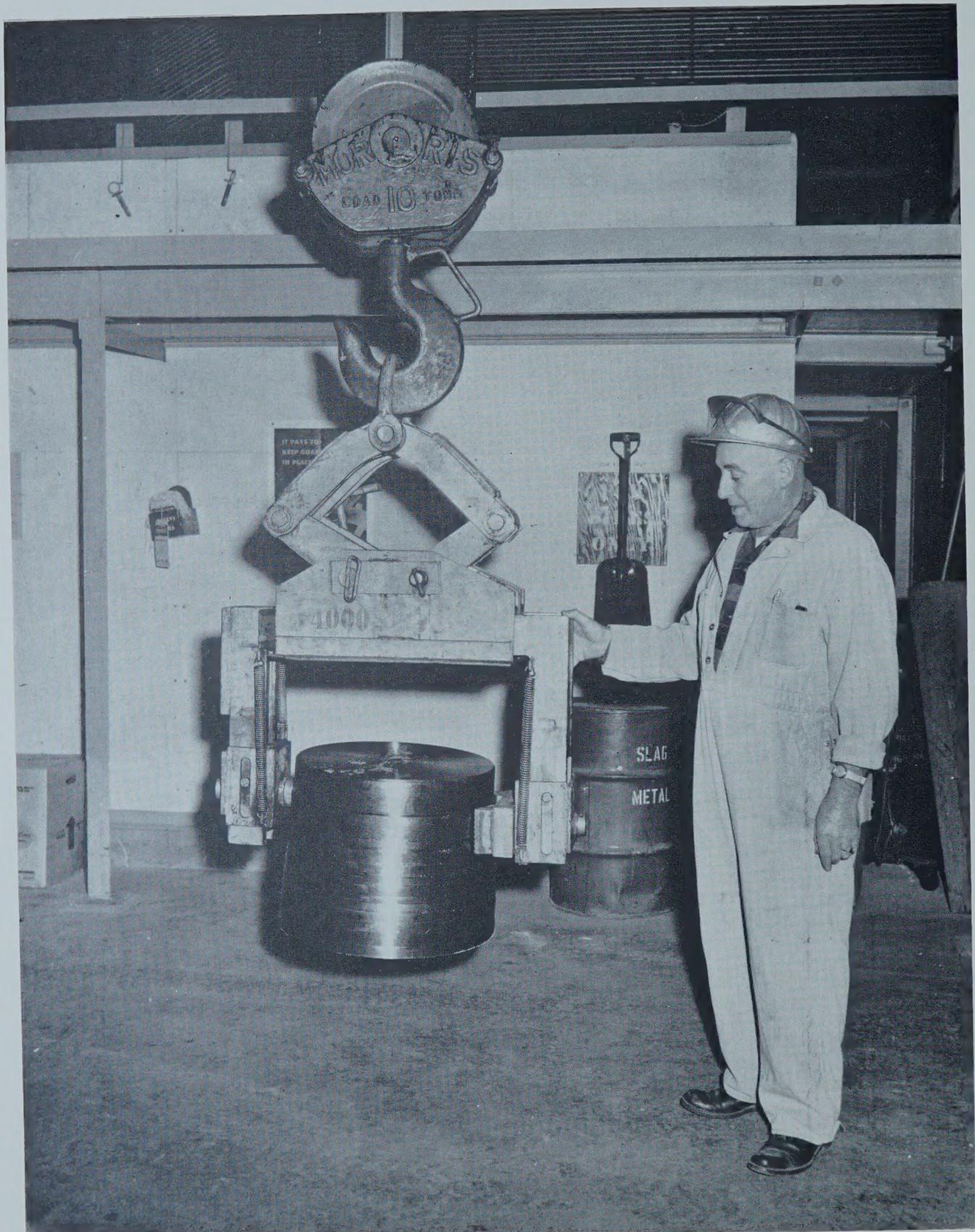
*Head Office*

150 Kent Street, Ottawa, Ontario

*District Offices*

Port Hope, Ontario  
10040—105th Street, Edmonton, Alberta  
Eldorado, Saskatchewan  
Port Radium, N.W.T.

**ELDORADO MINING AND REFINING LIMITED**



Direct Cast Ingot of Uranium Metal—Weight approximately 3400 pounds.

## *Report of the President*

March 31st, 1959.

THE HONOURABLE GORDON CHURCHILL,  
MINISTER OF TRADE AND COMMERCE,  
OTTAWA, ONTARIO.

Sir,

In accordance with Section 85(3) of the Financial Administration Act, I have the honour to submit herewith the Annual Report of Eldorado Mining and Refining Limited for the year ended December 31st, 1958.

Operating profit for the year amounted to \$9,292,458 before provision for income taxes, compared with \$7,735,920 for 1957. Provision for income taxes on 1958 profit amounted to \$4,643,455, leaving a net profit of \$4,649,003, compared with a provision for income taxes in 1957 of \$2,680,000 and a net profit of \$5,055,920. The substantial increase in income taxes is due in part to the higher operating profit and in part to reduced allowances for depreciation.

Income from sales totalled \$39,552,317, compared with \$32,053,068 in 1957. The higher sales volume reflects the first full year's output of the expanded Beaverlodge concentrator and the entry of the Company into the uranium metal market.

Mining royalties payable to the Province of Saskatchewan amounted to \$637,209. An additional purchase was made by your Company of debentures of the Municipality of Uranium City and District, bringing the total of such purchases to \$790,000 at the year end. A further purchase of debentures will be made in 1959.

Grants in lieu of municipal taxes to the Municipality of Uranium City and District amounted to \$205,054. Similar grants to the City of Ottawa, the Town of Port Hope and the City of Edmonton amounted in all to \$22,104.

As in previous years, and as noted in the Company's Operating Statement, certified by the Auditor-General, the Company earns no profit on the re-sale of mine concentrates which it purchases from private uranium producers.

A dividend of \$50.00 per share on the Company's outstanding 70,500 shares was declared payable on June 30th, 1958, resulting in a payment of \$3,525,000 to the Receiver General of Canada.

In the 1957 Annual Report, it was estimated that capital expenditures for 1958 would be approximately \$3,000,000. Actual expenditures amounted to \$2,674,426. Major expenditures included the completion of the uranium metal plant, the construction of a new green salt plant and service buildings at the Refinery; facilities for forging and rolling of metal; increased underground equipment at the Beaverlodge Operation and completion of the solvent extraction plant at the Port Radium Operation.

Capital expenditures in 1959 will amount to approximately one and three-quarter million dollars, distributed as follows: \$550,000 for a second generating unit at the hydro plant supplying power to the Beaverlodge Operation, \$300,000 for a lime addition and recovery circuit and \$180,000 for sundry expenditures at the Beaverlodge plant, \$631,500 at the Refinery for the replacement of inadequate or obsolete buildings and equipment and an expansion of UO<sub>3</sub> refining capacity, and \$52,000 for research equipment.

## PORT RADIUM OPERATION

Production in 1958 totalled 847,830 pounds of  $\text{U}_3\text{O}_8$ , which was  $2\frac{1}{2}\%$  above the estimate for the year. A total of 106,726 tons of ore were treated which was 2% below the total treated in 1957. The decrease in tonnage was due in part to a short interruption of leaching operations during which the new solvent extraction plant was cut into the circuit, and in part to reduced tonnage from the tailings reclamation programme. The tonnage from mining operations at a daily average of 181 tons was an all-time record.

Ore reserves decreased 32,000 tons and now stand at 99,250 tons grading 0.58%  $\text{U}_3\text{O}_8$ . On the basis of present estimates, the ore will be exhausted by late 1960.

Due to the fact that little or no new ore was found by development operations in what were considered to be favourable areas, the total development work was well below estimates for the year. Actual work done included the following—2,844 feet of lateral development; 3,355 feet of raising; and 37,991 feet of diamond drilling. It is estimated that 1,700 feet of lateral development, 2,720 feet of raising and 28,000 feet of diamond drilling will be done in 1959.

The total number of employees on the payroll decreased during the year from 257 to 245 and labour turnover dropped to an average of 4.2% per month, from 7% per month in 1957.

The number of lost-time accidents at 16 compares very favourably with the 34 recorded in 1957.

## BEAVERLODGE OPERATION

Production in 1958 totalled 2,651,541 pounds. Of this amount 166,721 pounds

came from custom ore purchases and the remainder from the Beaverlodge mine. The mine production was 32% more than that of 1957 due to the additional mill capacity which came into operation during 1957. The mill averaged 1,947 tons per day for the year.

Proven, probable and pillar ore reserves increased to 1,799,000 tons, grading .22%, at the year-end, compared with 1,571,200 tons grading .19% at the end of 1957. This latter figure was part of the 3,484,000 tons referred to in last year's Annual Report, and which included possible ore.

Development work done during the year totalled 26,220 feet of lateral development, 8,030 feet of raising and 80,340 feet of diamond drilling, and the Verna shaft was deepened 433 feet to give access to the 7th, 8th and 9th levels. The major portion of the lateral development was devoted to advancing the 7th, 9th, 10th, 13th and 15th levels eastward from the Fay shaft, and to developing the ore bodies west of the Ace shaft on the 8th, 9th and 11th levels. The 1959 programme calls for 27,100 feet of lateral development, 8,375 feet of raising and 90,000 feet of diamond drilling.

Changes and additions to the backfill plant during the year have greatly improved this operation and its product, and the plant is now able to produce 1,000 tons of acceptable material per day, which is considerably more than adequate for present requirements.

Additions to the Verna ventilation plant increased the volume of ventilating air to 275,000 cubic feet per minute in moderate weather, and 170,000 cubic feet per minute under the most severe winter conditions. This volume, plus the system of directional control in use, has reduced

radiation counts to well below the accepted standards for working areas.

Milling operations showed marked improvement over previous years. Due to the completion of a number of long-range projects which were started in 1956 and 1957, substantial savings in both labour and material were effected and in spite of an increase in the volume of refractory ore coming from the Verna mine, the recovery based on assay heads improved 1.2%. Many of the corrosion problems inherent in the basic leach process were either partially or completely overcome by changes in solution strength and the adoption of more efficient maintenance procedures. Test work conducted during the year has resulted in new process techniques which will effectively reduce reagent consumption in the future.

Early in the year a preventive maintenance programme was started and by year-end, although it was still not fully operative, substantial savings had already been effected.

The hydro dam at White Lake was raised four feet with a resulting increase in hydro power output of 134,000 kilowatt hours per month. A second hydro unit, to be installed in 1959, will double the output of the Wellington Lake plant. This will have the effect of reducing the Company's overall power costs.

Production at the Company-owned sawmill in the Peace River area totalled 4,187,000 board feet.

There were 908 employees on the payroll at year-end. This compares with 903 on December 31st, 1957. There are now 287 employees residing in Uranium City and during the year 31 of these were given financial assistance by the Company in building or buying homes, bringing to a total of 103 the number who have now

received such assistance. Labour turnover again decreased and averaged 5.8% per month for the full year.

Employee training programmes and job instruction training for supervisors were initiated and productivity underground increased by 6%. It is expected that there will be a comparable increase in 1959.

The plant accident frequency showed an improvement during the year. At December 31st, 1958, the electrical department had completed 527 days without a lost time injury.

Shortly after the end of the year a new collective bargaining agreement, effective for three years, was negotiated with the International Union of Mine, Mill and Smelter Workers (Canada).

## OUTSIDE EXPLORATION

When private enterprise became interested in uranium exploration in the early 50's, your Company discontinued its exploration programme initiated in 1944 which produced the Beaverlodge mine and indirectly led to the development of the other operations which, with the Eldorado operation, now make up the Beaverlodge uranium area.

Your Directors now consider it advisable to undertake once more a programme of exploration, this time in the Great Bear Lake area where the facilities and organization of the present Port Radium mine during the remainder of its life can be conveniently utilized for this purpose. A three-year programme has been laid out and in the 1959 season airborne geophysical exploration, supplemented by surface exploration over an area of some 3,500 square miles lying north and east of the Port Radium mine will be undertaken. Canso and Norseman aircraft as well as a helicopter will be employed in this project.

The 1959 season's expenditures will approximate three hundred thousand dollars.

## REFINERY OPERATIONS

The refinery operation in 1958 was highlighted by the production of uranium metal for the first time in Canada. By the year-end Eldorado-produced metal was being fabricated into fuel elements for use in Canada's research reactors at Chalk River, and plant capacity was more than sufficient to meet the present and foreseeable requirements of these reactors. A small shipment of finished fuel rod components had also been exported to Switzerland, as forecast in last year's Report.

The metal plant began operations on a test basis in February and the first large direct cast ingot was fired in early April. Production since that time has been tailored to meet delivery requirements, and operating techniques have been continuously improved. While metal yields were not up to expectation in the early firings, experimentation and research have produced a solution to this problem and, by the year-end, yields of consistently high purity were being obtained. One of the factors contributing to this improvement was the availability of high-grade green salt (uranium tetrafluoride) from the new plant which went on stream in December. Prior to that month the metal plant had operated on feed produced in the green salt pilot plant. The break-in of the new green salt plant proved exceptionally smooth because of the advantage taken of design experience and data obtained from the extended operation of the pilot plant. It is already obvious from the limited operating experience with the new plant, that the two main goals of a high grade product and a low unit cost

have been achieved. This is particularly gratifying since the Company pioneered the moving bed process in pilot plant work and chose this process in preference to more conventional methods.

Concurrent with the production of uranium metal, your Company arranged with Sorel Industries Limited for the forging and rolling of uranium metal, and with A.M.F. Atomics (Canada) Limited for inspection and accountability services in connection with this work. This latter Company will also be responsible for final fabrication of fuel elements. Canada is now for the first time completely self-sufficient in respect of natural uranium nuclear fuels, from the raw ore stage to the finished, machined and clad fuel element ready for use in a reactor.

During the year, equipment was installed for the production of ceramic grade uranium dioxide which will be used for the fabrication of fuel charges for Canada's first power reactor. The high quality of this product has also led to the placing of orders for it by United States customers.

During the year the orange oxide refinery operated smoothly, with constant improvements being made in equipment and operating techniques. Continuing the trend of previous years, but to a lesser degree, increased deliveries of high grade chemical precipitates again raised the average grade of refinery feed. An addition to facilities, now underway, will increase the capacity of the orange oxide refinery by approximately ten percent.

The refinery working force increased during the year by 17 persons, due chiefly to the new metal operations. Labour turnover for the year was exceptionally low and union-management relations were

satisfactory. Effective June 1st, a new collective bargaining agreement for a period of one year was signed with the United Mine Workers of America providing for an increase of 11¢ per hour in basic rates and revisions in certain trade and laboratory classifications.

The efficiency and scope of first aid and health services were widened during the year and a new first aid and medical centre will be ready by early 1959. By that time refinery health services will be comparable to any found in the industry.

Safety statistics for the year indicate a further improvement over the highly satisfactory record of the previous year.

## RESEARCH AND DEVELOPMENT

This Division of your Company carried out its function of initiation and evaluation of changes in flowsheets, process conditions and equipment at the Company's concentrating plants and Refinery.

The work at Port Radium improved the grade and purity of the mill product and the efficiency of the solvent extraction circuit. Large-scale leaching tests of mill feed were also carried out. At Beaverville, development work included the pilot plant testing of lime as a partial substitute for caustic soda. This resulted in the construction of a full-scale plant unit that will effectively reduce reagent costs. Studies were also carried out of calcination and re-cycling of carbonate sludge, uranium precipitation, solution balance and steam stripping, all with a view to cutting reagent costs and increasing recovery. The leaching characteristics of ore from individual zones in the mine were also investigated.

Development work at the Refinery was concerned with purification of plant sol-

vent, pilot plant testing of a cell for chloride removal from nitric acid, retreatment of green salt, and leaching of slag for uranium recovery. Studies were also made of the heat cycle for metal production and the effect of green salt quality on metal yields. A successful method was also developed for the addition of carbon to uranium metal.

It is a matter of satisfaction that the plant scale operation of the processes used in the solvent extraction plant at Port Radium and the green salt plant at Port Hope, which were developed and tested by the Research and Development Division, have proven more efficient than the test work indicated.

When the Research and Development Division was first established in 1953, one of its recognized objectives was to pioneer the development of new techniques which would lead to more direct methods for the production of nuclear-grade uranium oxide. To this end, the following more important investigations were carried out during the year:

- (a) Solvent extraction of uranium from primary leach solutions, followed by scrubbing and stripping to obtain specification purity. The end product of this investigation will be an ammonium di-uranate or uranous hydroxide for  $\text{UO}_2$  reduction. Tests were made on solutions obtained from private producers in this work. Results have been promising.
- (b) Uranium reduction by sodium amalgam from carbonate strip or leach solutions.

- (c) Electrolytic reduction—a method explored in the "Excer" type cell formerly used for green salt research. The process appears sound, but analysis and sintering data are incomplete. Equipment for pressing and sintering of UO<sub>2</sub> pellets is now in operation in the Company's Ottawa laboratory.
- (d) Solvent extraction from ore slurry—this process reaches farther back in the flowsheet and would be combined with one of the three methods described above for production of UO<sub>2</sub>. Research has been carried out both in the Company's laboratory in Ottawa and at Queen's University, along slightly different lines. As a result of progress made to date a small pilot plant operation may be conducted in 1959 to test this process.

In order that the results of the Division's work should be made available to all Canadian uranium producers, your Company in 1957 invited the active participation of the industry in suggesting avenues of research and in cooperating in such research. During the past year certain producers have availed themselves of this opportunity. In order to acquaint the producers more fully with the facilities and programmes of the Division, and to discuss possibilities for greater use by the producers of the Division's services, your Company invited representatives of all producers to a two-day meeting held in Ottawa in early 1959. The Division was joined in this endeavour by the Mines Branch of the Department of Mines and

Technical Surveys, with which the Company continues to enjoy a close association.

Total expenditures incurred by the Division in 1958 amounted to approximately \$608,000.

In addition, your Company financed specific research projects in the field of metallurgy at three Canadian universities to a total of \$58,747, and made a grant of \$15,000 to a fourth university for mineralogical studies.

The Charles G. Williams Fellowship in Uranium Metallurgy, first offered in 1957, was again awarded in 1958. This Fellowship has a total annual value to the graduate student of \$2,300.

## URANIUM PROCUREMENT AND SALES

During the year, Eldorado accepted deliveries of uranium concentrates from fourteen companies with which it has contracts, and delivered the concentrates received to the United States Atomic Energy Commission and the United Kingdom Atomic Energy Authority, pursuant to its contracts with those agencies. Deliveries under these contracts amounted to 11,797 tons of U<sub>3</sub>O<sub>8</sub> in concentrates with a value of \$239,190,000. In addition, deliveries of Eldorado's own concentrates amounted to 1,740 tons of U<sub>3</sub>O<sub>8</sub> valued at \$35,226,000. This combined total of 13,537 tons of U<sub>3</sub>O<sub>8</sub> put Canada in the forefront of uranium producers in the free world in 1958. In terms of dollar value of production, uranium became Canada's leading metal in 1958. Uranium exports during the year, in terms of dollar value, were exceeded only by pulp and paper products and wheat.

A change in Government policy was announced in May, 1958, to allow sales of

limited quantities of uranium to countries not having agreements with Canada for cooperation in the peaceful uses of atomic energy. As a result, your Company has been able to make certain small sales for research purposes, and to the ceramics industry.

In keeping with the desirable objective of selling uranium in a manufactured form, your Company distributed during the year its first catalogue of refined uranium products. The private uranium producers in Canada were also informed that the Company would undertake to produce such products from customers' concentrates, on a fee basis. During 1959 a concerted drive towards the development of foreign markets for such products is to be undertaken, and as a part of this programme your Company will exhibit at five international trade fairs in 1959.

## ORGANIZATION AND PERSONNEL

In May, 1958, Mr. W. J. Bennett resigned as President of your Company in order to enter private industry. It is impossible to over-emphasize Mr. Bennett's contribution, not only to your Company during his 12 years as its President, but also to the remarkable and rapid development of the Canadian uranium industry in which Eldorado has played such a prominent role. Mr. Bennett's imaginative and constructive leadership is reflected not only in the outstanding financial growth which your Company has enjoyed, but also in the efficient and smooth-working organization which was built up during his tenure of office. Fortunately, his broad experience and sound judgment are still available to your Company through his continuing association as a member of the Board of Directors.

Following Mr. Bennett's resignation, Mr. R. J. Henry, formerly Vice-President, was elected President. Upon Mr. Henry's untimely death less than three months later, Mr. W. M. Gilchrist, formerly Vice-President, was elected President.

Your Directors wish to record their deep sense of loss in the death of Mr. R. J. Henry. During his years with the Company, Mr. Henry contributed greatly not only to the Company's progress during its period of greatest expansion, but to the development of the Canadian uranium industry generally. His personal qualities endeared him to all and his wise counsel is sorely missed.

At the year-end, your Company in all its Divisions employed a total of 1,537 persons, compared with 1,557 a year earlier. It is of interest to record that some 275 persons have now been in the employ of the Company for more than five years.

Wages and salaries paid by the Company in 1958 amounted to \$9,123,265. Net contributions to the Pension Plan were \$87,000, and to the support of the Group Insurance and Welfare Plan \$110,-550. During the year, benefits paid under this Plan totalled \$196,005.

Once again your Directors wish to pay tribute to the talents, devotion and industry of the men and women comprising the Company's working force, as a result of whose collective efforts the significant advances of the past year have been achieved.

On behalf of the Board of Directors,

*W. M. Gilchrist*  
President.



**Office of the Auditor General**  
**CANADA**

Ottawa, March 26, 1959.

THE HONOURABLE GORDON CHURCHILL,  
MINISTER OF TRADE AND COMMERCE,  
OTTAWA.

Sir,

The accounts and financial statements of Eldorado Mining and Refining Limited have been examined for the year ended December 31, 1958. In compliance with the requirements of section 87 of the Financial Administration Act, I now report that, in my opinion:

- (a) proper books of account have been kept by the Company;
- (b) the financial statements of the Company
  - (i) are in agreement with the books of account and were prepared on a basis consistent with that of the preceding year, save that, as from July 1, 1958, the charges previously made for depletion of certain ore bodies were discontinued—a change which is regarded as appropriate,
  - (ii) in the case of the balance sheet, give a true and fair view of the state of the Company's affairs as at the end of the financial year, and
  - (iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Company for the financial year; and
- (c) the transactions of the Company that have come under my notice have been within the powers of the Company under the Financial Administration Act and any other Act applicable to the Company.

Yours faithfully,

WATSON SELLAR,  
*Auditor General.*

# ELDORADO MINING AND REFINING LIMITED, ANNUAL REPORT, 1958

(Incorporated under  
**BALANCE SHEET AS**  
 (with comparative figures)

ASSETS	1958	1957
<i>Current Assets:</i>		
Cash . . . . .	\$ 518,341	\$ 249,022
Short-term Deposits . . . . .	10,000,000	6,605,472
Accounts Receivable . . . . .	3,544,432	532,586
Inventories, at cost:		
Ore concentrates, products in process of refining and refined products . . . . .	\$13,163,366	12,251,606
Operating and general supplies . . . . .	<u>9,714,765</u>	10,223,985
Prepaid Expenses . . . . .	22,878,131	22,475,591
	<u>235,679</u>	<u>323,562</u>
	37,176,583	30,186,233
	<u>297,348</u>	<u>392,663</u>
	444,433	318,747
Loan Receivable—Eldorado Aviation Limited.		
Mortgages and Agreements for Sale—Employees' housing . . . . .	187,153	187,153
Investments, at cost:		
Shares in Wholly-owned Subsidiaries . . . . .	187,153	187,153
Municipal Corporation of Uranium City and District—5% Debentures, maturing 1975-77 . . . . .	<u>750,754</u>	<u>715,377</u>
	937,907	902,530
Deferred Charges—Unamortized portion of pre-production and mine development expenses, etc. . . . .	4,762,859	6,157,850
Capital Assets, at cost:		
Land . . . . .	70,498	69,127
Buildings . . . . .	16,712,589	16,074,561
Equipment . . . . .	28,605,256	25,571,385
Construction in progress . . . . .	<u>1,073,145</u>	<u>1,073,145</u>
	45,388,343	42,788,218
Less: Accumulated provisions for depreciation	<u>26,275,488</u>	<u>19,782,419</u>
	19,112,855	23,005,799
	<u>62,731,985</u>	<u>60,963,822</u>
Accounts Receivable . . . . .	\$21,235,689	\$ 9,699,852
Inventories of Ore Concentrates, Products in Process of Refining and Refined Products . . . . .	<u>9,077,604</u>	<u>8,758,912</u>
Approved on behalf of the Board:	<u>30,313,293</u>	<u>18,458,764</u>

(Sgd.) W. J. BENNETT  
*Director*

# ELDORADO MINING AND REFINING LIMITED, ANNUAL REPORT, 1958

the Companies Act)

AT DECEMBER 31, 1958

as at December 31, 1957)

## LIABILITIES

	1958	1957
Accounts Payable and Accrued Liabilities . . . . .	\$ 2,278,569	\$ 1,600,387

Provision for Income Taxes . . . . .	3,109,960	1,622,217
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Prepayments against Future Deliveries of Refined Products . . . . .	3,942,064	6,173,486
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## Capital:

### Capital Stock:

Authorized—110,000 shares of no par value

Issued — 70,500 shares, fully paid . . .	\$ 6,586,080
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Surplus, per Statement of Surplus . . . . .	<u>46,815,312</u>
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	53,401,392
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	<u>51,567,732</u>
--	-------------------

	62,731,985
--	------------

	<u>60,963,822</u>
--	-------------------

at Account

Accounts Payable . . . . .	\$29,853,271	\$18,127,194
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Prepayments against Future Deliveries of Refined Products . . . . .	460,022	331,570
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	<u>30,313,293</u>	<u>18,458,764</u>
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Certified in accordance with my report dated March 26, 1959 to the Minister of Trade and Commerce, under section 87 of the Financial Administration Act.

WATSON SELLAR

*Auditor General of Canada*

# ELDORADO MINING AND REFINING LIMITED, ANNUAL REPORT, 1958

**STATEMENT OF INCOME AND EXPENSE  
FOR THE YEAR ENDED DECEMBER 31, 1958**  
(with comparative figures for the year ended December 31, 1957)

	1958	1957
<i>Income</i>		
Sales . . . . .	\$39,552,317	\$32,053,068
Miscellaneous Income . . . . .	265,217	307,805
	39,817,534	32,360,873
<i>Expense</i>		
Cost of Sales:		
Mining and milling costs and refinery expenses . . . . .	\$24,651,892	15,715,712
Purchases of ores and concentrates . . . . .	2,338,412	3,500,955
Charge for depletion of certain ore bodies	1,146,698	3,159,666
Amortization of pre-production and mine development expenses . . . . .	1,332,297	1,005,428
	29,469,299	23,381,761
Scientific Research . . . . .	683,487	936,331
Head Office Administration . . . . .	372,290	306,861
	30,525,076	24,624,953
Profit before Provision for Income Taxes . . . . .	9,292,458	7,735,920
Deduct: Provision for Income Taxes . . . . .	4,643,455	2,680,000
	4,649,003	5,055,920

NOTES:

In addition to the sales for 1958 shown in the above statement, amounts totalling \$246,904,045 (1957—\$98,985,240) were derived from the sale of uranium concentrates purchased from other producers, and on which no profit was earned by the Company.  
Included in the charges against operations for 1958 are: depreciation, \$6,546,460; directors' fees, \$4,333; and remuneration of executive officers, \$99,282.

**STATEMENT OF SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 1958**

Balance as at January 1, 1958 . . . . .	\$44,981,652
Deduct: Adjustment of prior years' provision for income taxes	437,041
	44,544,611
Add:	
Values recorded as arising out of depletion of certain ore bodies . . . . .	\$ 1,146,698
Net profit for the year ended December 31, 1958, per Statement of Income and Expense . . . . .	4,649,003
	5,795,701
Deduct: Dividends declared . . . . .	50,340,312
	3,525,000
Balance as at December 31, 1958 . . . . .	46,815,312

*Directors*

W. J. BENNETT, O.B.E., B.A., LL.D., D.Sc.  
A. B. CAYWOOD  
W. M. GILCHRIST, B.Sc.  
H. H. HAYDON, M.B.E., F.C.I.S.  
R. J. HENRY, B.A.Sc.\*

*Officers*

A. B. CAYWOOD, *President*  
H. H. HAYDON, *Treasurer*  
R. C. POWELL, *Secretary*

\*Deceased July 6/58

*Head Office*

150 Kent Street, Ottawa, Ontario

*Operations Office*

No. 8 Hangar, Municipal Airport, Edmonton, Alberta.

**E L D O R A D O   A V I A T I O N   L I M I T E D**



## *Report of the President*

March 31st, 1959.

THE HONOURABLE GORDON CHURCHILL,  
MINISTER OF TRADE AND COMMERCE,  
OTTAWA, ONTARIO.

Sir,

In accordance with Section 85(3) of the Financial Administration Act, I have the honour to submit herewith the Annual Report of Eldorado Aviation Limited for the year ended December 31st, 1958.

This Company is a wholly-owned subsidiary of Eldorado Mining and Refining Limited and operates under a Class 5 Licence from the Air Transport Board to provide air services on a cost basis from an Edmonton base to the parent company's mining operations in Saskatchewan and the Northwest Territories, and to the various agencies of the Northern Transportation Company Limited.

The excellent standard of performance which has characterized this operation in the past was maintained during 1958. The Company's DC-4 aircraft operated without interruption during the entire year, and the DC-3 was operated constantly from the date of its acquisition in February. The Norseman aircraft was used sparingly as required. The year's operations were carried out without accident. Operating conditions were considerably improved late in the year when the Department of Transport hard-surfaced the Beaverlodge airport. The year's operation included, for the first time, substantial services to the Tuktoyaktuk base of Northern Transportation Company Limited in connection with that company's freight services to the DEW Line.

Tonnage of freight and passengers carried in 1958 amounted to 7,477 tons, slightly below the tonnage carried in the previous year, and ton-miles decreased by about 7%. Operating costs per ton-mile, exclusive of aircraft writeoffs, increased by 8.5% over 1957. A total of 783,125 air-miles were flown during the year.

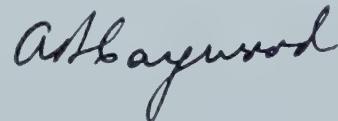
Since no expansion of the parent company's mining operations is forecast for 1959, the operations of your Company during the coming year will not be markedly different from 1958 in respect of its regular servicing of these properties with multi-engined aircraft. However, a considerable increase in the use of the Company's Norseman aircraft is anticipated in connection with the parent company's exploration programme to be undertaken in the Northwest Territories.

As pointed out in earlier Reports, while it is difficult to compare operating statistics for services of the kind provided by the Company, it is evident on the basis of available information that your Company has established over the years an enviable record both in respect of operating costs and a high rate of equipment utilization.

At the year's end flying personnel numbered 10, ground crew, maintenance and administrative staff 39. Wages and salaries in 1958 amounted to \$253,500. Company contributions to the Pension Plan amounted to \$8,630 and to the Welfare Plan \$5,500; benefits paid out to employees and their dependents under the Welfare Plan amounted to \$3,911.

Your Directors wish to commend the personnel of the Company for their excellent performance during the past year.

On behalf of the Board of Directors,



President.



**Office of the Auditor General**  
**CANADA**

Ottawa, March 17, 1959.

THE HONOURABLE GORDON CHURCHILL,  
MINISTER OF TRADE AND COMMERCE,  
OTTAWA.

Sir,

The accounts and financial statements of Eldorado Aviation Limited have been examined for the year ended December 31, 1958. In compliance with the requirements of section 87 of the Financial Administration Act, I now report that, in my opinion:

- (a) proper books of account have been kept by the Company;
- (b) the financial statements of the Company
  - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
  - (ii) in the case of the balance sheet, give a true and fair view of the state of the Company's affairs as at the end of the financial year, and
  - (iii) in the case of the statement of recoverable expenses, give a true and fair view of the expenses of the Company for the financial year; and
- (c) the transactions of the Company that have come under my notice have been within the powers of the Company under the Financial Administration Act and any other Act applicable to the Company.

Yours faithfully,

WATSON SELLAR,  
Auditor General.

# ELDORADO AVIATION LIMITED, ANNUAL REPORT, 1958

(Incorporated under)

## BALANCE SHEET AS

(with comparative figures)

ASSETS	1958	1957
Cash.....	\$ 37,181	\$ 120,274
Accounts Receivable:		
Eldorado Mining and Refining Limited..... \$ 26,503		
Other..... 25,036	—	8,170
	51,539	
Prepaid Expenses—Operating Supplies, etc.....	108,032	97,596
Capital Assets, at cost:		
Aircraft, including major spare parts..... 791,422	703,403	
Building..... 32,426	32,426	
Shop, hangar and loading equipment, etc..... 25,211	22,007	
Office furniture and equipment..... 5,231	4,485	
	854,290	762,321
Less: Accumulated provisions for depreciation	446,730	220,891
	407,560	541,430
	604,312	767,470

Approved on behalf of the Board,

(Sgd.) W. M. GILCHRIST,  
*Director*

(Sgd.) A. B. CAYWOOD,  
*Director*

# ELDORADO AVIATION LIMITED, ANNUAL REPORT, 1958

Companies Act)

AT DECEMBER 31, 1958

(at December 31, 1957)

LIABILITIES	1958	1957
Accounts Payable and Accrued Liabilities . . . .	\$ 62,094	\$ 129,937
Eldorado Mining and Refining Limited—Loan	297,348	392,663
 <i>Capital:</i>		
Capital Stock—		
Authorized—50,000 shares of \$1 each		
Issued —28,006 shares, fully paid . . . .	\$ 28,006	28,006
 Surplus arising from proceeds of insurance, profits on sale of aircraft and major spare parts and other prior years' adjustments .	216,864	216,864
	244,870	
	604,312	767,470

Certified in accordance with my report dated March 17, 1959 to the Minister of Trade and Commerce,  
under section 87 of the Financial Administration Act.

WATSON SELLAR,  
Auditor General of Canada

# ELDORADO AVIATION LIMITED, ANNUAL REPORT, 1958

## STATEMENT OF RECOVERABLE EXPENSES FOR THE YEAR ENDED DECEMBER 31, 1958

(with comparative figures for the year ended December 31, 1957)

	1958	1957
<i>Operational Expenses:</i>		
Salaries and wages.....	\$ 180,467	\$ 170,487
Supplies.....	300,280	315,197
Repairs.....	111,641	120,510
Landing fees and radio maintenance.....	21,191	13,499
Hangar expense.....	47,638	56,105
Insurance.....	49,654	37,813
Miscellaneous.....	18,921	11,606
	\$ 729,792	725,217
<i>Administrative and General Expenses:</i>		
Office salaries.....	16,225	14,762
Contributions to employees' pension plan..	8,630	2,547
Insurance.....	11,970	9,870
Interest.....	21,732	9,817
Travel.....	2,185	4,499
Legal fees.....	—	2,500
Miscellaneous.....	4,736	4,394
	65,478	48,389
Provisions for Depreciation.....	243,813	90,595
<b>Total Expenses.....</b>	<b>1,039,083</b>	<b>864,201</b>

NOTE: The above expenses were apportioned to, and were recovered or recoverable from:

Eldorado Mining and Refining Limited.....	\$ 920,360	826,073
Northern Transportation Company Limited...	118,723	38,128
	<b>1,039,083</b>	<b>864,201</b>



THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1959



